



1970 ANNUAL REPORT

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THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA LIMITED

ANTHONY COMPAREY

DIRECTOR OF PUBLIC RELATIONS
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED
TORONTO

TELEPHONE
(416) 252-4441

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

Board of Directors

H. A. BRUNDAGE, *Toronto*
P. P. DAIGLE, *Montreal*
R. DeYOUNG, *Akron*
R. A. JAY, *Akron*
K. E. KENNEDY, *Q.C., Toronto*
LOUIS A.-LAPOINTE, *Q.C., Montreal*
H. G. MacNEILL, *Toronto*
J. C. MOON, *Toronto*
D. W. MORIARTY, *Toronto*
A. DEANE NESBITT, *O.B.E., D.F.C., Montreal*
BRUCE M. ROBERTSON, *Akron*
R. V. THOMAS, *Akron*

Officers

H. G. MacNEILL, President and General Manager
J. C. MOON, Executive Vice President—Manufacturing
H. A. BRUNDAGE, Vice President—Finance
K. E. KENNEDY, *Q.C.*, Vice President and General Counsel
S. G. FEARMAN, Vice President—Materials Management
D. W. MORIARTY, Vice President—Tire Sales
F. J. KITCHEN, Comptroller
D. F. CATTO, Treasurer
C. E. CLARKE, Secretary
G. E. BENNETT, Assistant Comptroller
W. R. HAYWARD, Assistant Comptroller
B. R. TELFER, Assistant Treasurer
G. D. GORDON, Assistant Secretary

HEAD OFFICE: 3050 Lake Shore Boulevard West, Toronto 14, Ont.

Plants

Toronto, Ont. (2)
Bowmanville, Ont.
Collingwood, Ont.
Owen Sound, Ont.
St. Hyacinthe, Que.
Quebec City, Que.
Valleyfield, Que.
Medicine Hat, Alta.

Wholesale Distributor

St. John's, Nfld.
A. E. Hickman Company Limited

Sales Districts

Moncton
Quebec
Montreal
Ottawa
Metropolitan Toronto
Southern Ontario
Western Ontario
Northern Ontario
Winnipeg
Saskatoon
Calgary
Edmonton
Vancouver

To the Shareholders of The Goodyear Tire & Rubber Company of Canada, Limited:

The consolidated financial statements of the Company, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

Consolidated net sales of \$175,619,000 compares with \$175,841,000 in 1969.

Consolidated net income for the year amounted to \$3,291,000 or \$11.85 per share of common stock. 1969 net income totalled \$1,232,000 or \$3.83 per common share.

Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares. No common dividends were paid.

Taxes and duties of all kinds provided in 1970 totalled \$15,731,000, equivalent to \$61.14 per common share, as compared with \$13,866,000 or \$53.90 per share in 1969.

Total compensation paid to employees during the year, together with pension, hospitalization, group insurance and related benefits, totalled \$56,598,000 as compared with \$56,292,000 in 1969.

Capital expenditures for expansion, improvements and replacements of property in 1970 totalled \$6,329,000; depreciation amounted to \$7,339,000.

The lower volume of sales is attributable to the economic conditions prevailing in Canada, and disruptive strikes experienced by some of our major customers. The improvement in net profit was brought about by many factors but was chiefly the result of an aggressive programme to reduce costs. This cost reduction drive covered every aspect of your Company's operation and will continue on a vigorous basis throughout the coming year.

An accelerated sales programme was launched and centered around the Polyglas tire which continues to attract and merit high consumer preference. The performance of tire service stores has improved significantly and this type of distribution is being expanded.

Goodyear continued to produce and sell many other products for the industrial, mining and consumer markets. While the past year was not a year of great demand, the Company's market position was maintained in all non-tire lines.

During the year Goodyear actively co-operated with all levels of government to achieve further improvement in product standards. It is firm Company policy to maintain and exceed these standards so as to ensure to its customers the highest degree of performance and safety.

Goodyear acknowledges the need for effective anti-pollution measures and will strive to ensure that none of its factories contaminate. Success has been achieved in eliminating a major cause of pollution in one plant and efforts are being pressed to expedite permanent solutions to any remaining problems.

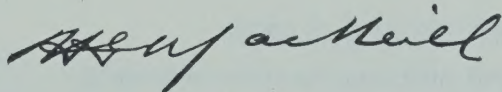
Goodyear is fortunate in having a strong dealer organization across Canada and, during the year, a number of programmes have been instituted to make this important part of its business even stronger. The success of Goodyear dealers is always uppermost in mind, and efforts to strengthen this group will continue to receive a great deal of emphasis.

During the year we were saddened by the deaths of Mr. R. C. Berkinshaw, a former President and Director, and Mr. A. E. Robinette, Secretary and a valued member of the executive group.

Mr. L. E. Spencer has retired as Chairman of the Board and as a Director. Officers appointed were Mr. C. E. Clarke, Secretary, Mr. D. F. Catto, Treasurer, Mr. F. J. Kitchen, Comptroller, Mr. W. R. Hayward, Assistant Comptroller, Mr. B. R. Telfer, Assistant Treasurer, and Mr. G. D. Gordon, Assistant Secretary.

The achievements made during the year could not have been accomplished without the continued dedication of Goodyear people country-wide. Their efforts this year were exceptional and are a source of confidence as we face the years ahead.

With the approval of the Board of Directors.

A handwritten signature in dark ink, appearing to read "Henry A. Neil". The signature is fluid and cursive, with a large, stylized initial "H".

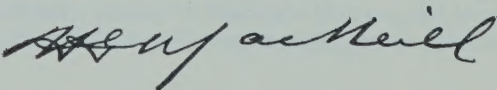
President and General Manager.

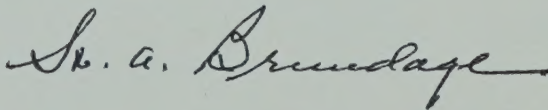
February 1, 1971.

Consolidated Balance Sheet

Assets	DECEMBER 31	
	1970	1969
(in thousands)		
CURRENT ASSETS:		
Cash	\$ 512	\$ 167
Accounts receivable, less allowance for doubtful accounts: 1970 — \$796; 1969 — \$711	30,458	32,210
Due from affiliated companies	2,370	1,945
Inventories at lower of cost or market ..	36,205	42,949
Prepaid expenses	34	40
TOTAL CURRENT ASSETS	69,579	77,311
MISCELLANEOUS INVESTMENTS, at cost less allowances	516	558
PROPERTIES AND PLANTS:		
Land, buildings, machinery and equipment, at cost	124,443	120,198
Less: Depreciation	75,350	69,715
	49,093	50,483
	\$ 119,188	\$ 128,352

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

Liabilities

	DECEMBER 31	
	1970	1969
	(in thousands)	
CURRENT LIABILITIES:		
Bank indebtedness	\$ 3,814	\$ 4,966
Loan from parent company	4,878	5,000
Accounts payable and accrued liabilities	8,122	12,292
Due to affiliated companies	960	2,742
Income and other taxes payable	1,993	1,089
Dividend payable on preferred shares . .	61	62
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	19,828	26,151
LONG TERM DEBT:		
Bank loans due 1972 under revolving credit agreements	36,650	43,475
Funded debt of subsidiary	350	400
	<hr/>	<hr/>
	37,000	43,875
DEFERRED INCOME TAXES	4,754	3,309
DEFERRED INCOME	1,470	1,809

Shareholders' Equity

CAPITAL STOCK:

4% cumulative redeemable sinking fund
preferred shares (par value \$50 per
share; redeemable on call at \$53 per
share):

Authorized, issued and outstand-
ing, 1970—121,084 shares;
1969—123,473 shares. . . .

6,054	6,174
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Common shares, no par value:

Authorized, 290,660 shares; issued
and outstanding, 257,260 shares

129	129
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CAPITAL SURPLUS

692	692
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RETAINED EARNINGS

49,261	46,213
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<hr/> 56,136	<hr/> 53,208
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<hr/> <hr/> \$ 119,188	<hr/> <hr/> \$ 128,352
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Consolidated Income Statement

	YEAR ENDED DECEMBER 31	
	1970	1969
	(in thousands)	
Net sales	\$175,619	\$175,841
Income from investments	32	74
	<u>175,651</u>	<u>175,915</u>
Deduct:		
Costs and expenses	158,595	163,561
Interest expense on long term debt	3,658	3,742
Depreciation	7,339	6,820
Income taxes:		
Current	1,323	448
Deferred	1,445	112
	<u>172,360</u>	<u>174,683</u>
Net income for the year	<u>\$ 3,291</u>	<u>\$ 1,232</u>
Earnings per common share	<u>\$ 11.85</u>	<u>\$ 3.83</u>

Consolidated Retained Earnings Statement

	YEAR ENDED DECEMBER 31	
	1970	1969
	(in thousands)	
Balance at beginning of year	\$ 46,213	\$ 45,228
Net income for the year	3,291	1,232
	<u>49,504</u>	<u>46,460</u>
Deduct:		
Dividends on 4% preferred shares	243	247
Balance at end of year	<u>\$ 49,261</u>	<u>\$ 46,213</u>

Notes to Consolidated Financial Statements

1. Certain store and warehouse properties are leased at minimum annual rentals which total \$1,920,000 for 1971. Most of the leases may be renewed by the Company on expiry.
2. The Company's total unfunded obligation for pension benefits arising from service prior to December 31, 1970 is estimated to be \$13,819,000 and has not been provided for in the accounts. Since 1958 the Company has been funding past service obligations by the payment of annual instalments which are charged against operations and proposes to continue this practice through 1989.
3. Remuneration to directors and senior officers of the Company in 1970 amounted to \$249,000.

Consolidated Statement of Funds

	YEAR ENDED DECEMBER 31	
	1970	1969
	(in thousands)	
SOURCE OF FUNDS:		
Net income for the year	\$ 3,291	\$ 1,232
Expenses not requiring a current outlay of funds—principally depreciation and deferred income taxes	8,520	6,827
Total from operations	11,811	8,059
Property disposals	380	136
Deferred income and investments	—	182
	<u>12,191</u>	<u>8,377</u>
APPLICATION OF FUNDS:		
Expenditures for properties and plants	6,329	12,945
Long term debt	6,875	3,750
Dividends	243	247
Preferred shares redeemed	120	20
Deferred income and investments	33	—
	<u>13,600</u>	<u>16,962</u>
Decrease in working capital	\$ 1,409	\$ 8,585

Auditors' Report

TO THE SHAREHOLDERS OF

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1970 and the consolidated statements of income, retained earnings and funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Toronto, January 26, 1971.

Chartered Accountants.



Because they had to be fitted into a slot narrower than their three-inch thickness, the seals were pushed into the joints by workmen using a pogo stick-like tool.

Goodyear seals expansion joints on new Quebec bridge

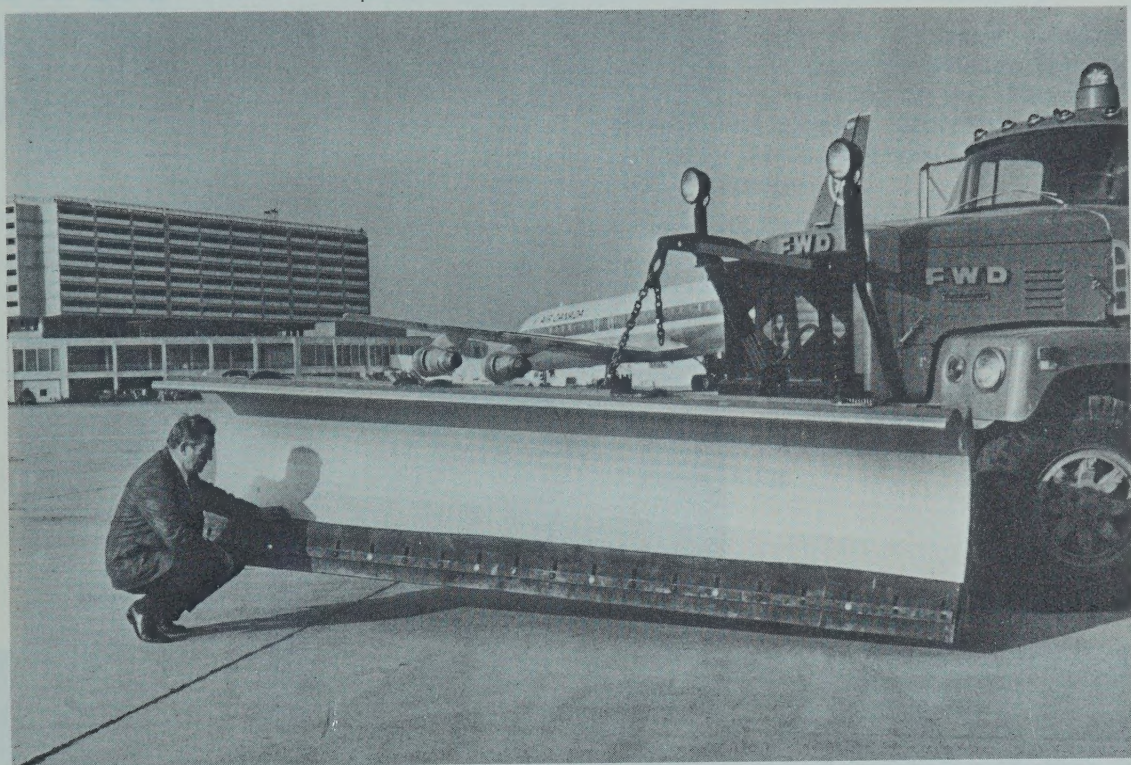
In 1970, Goodyear supplied the rubber seals for the expansion joints of Canada's newest suspension bridge.

The Pierre Laporte Bridge, which crosses the Saint Lawrence River at Quebec City, will, because of temperature variations, expand more

than seven feet along its 3,400-foot length.

To cope with the expansion in warm weather and contraction in the cold, 40 expansion joints were built into the bridge, and into each joint went a rubber seal. Goodyear provided all the 200 seals, some as long as 38 feet.

*Supervisor inspects rubber snowplow blade
at Toronto International Airport.*

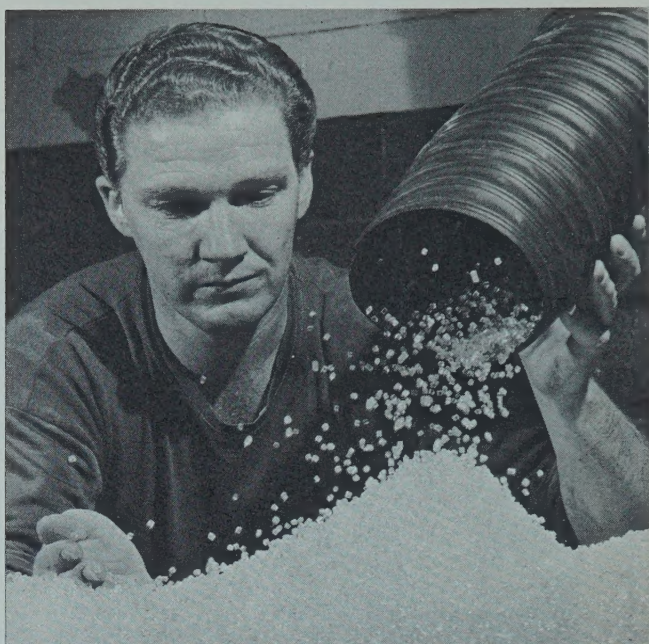


A soft way of removing snow

Nineteen-seventy saw the full-scale adoption of Goodyear rubber snowplow blades at Toronto International Airport, a major gain in the Canadian market. The blades are ideal for removal of snow from runways because, unlike steel blades, they do not damage semi-recessed centreline lights.

Developed at the company's general products plant at Bowmanville, Ontario, in the early 60s, the rubber blades were first introduced in Canada and the U.S. in 1964. Rubber snowplow blades, which last five times as long as steel ones, have gained acceptance, not only in Canada, but in the U.S. where they are used in 277 municipalities, 60 airports and 52 government and commercial facilities.

Plastic films grows by 30%



PVC is pelletized for storage.

During 1970, plastic film production increased 30 per cent over 1969 and two semi-rigid vinyl product lines were introduced to the Canadian market.

Distribution of the plastic film products was handled by Goodyear Plastic Films Limited.

During the year, Goodyear became the producer of the most complete line of packaging films in Canada, manufacturing a full line of Vitafilm, a poly-vinyl chloride (PVC) product it had introduced in 1963.

Vitafilm being wound into rolls.



